

## **A Statement By Professional Economists on Climate Change**

1. A report by over 2000 distinguished international scientists under the auspices of the Intergovernmental Panel on Climate Change has determined that there is 'new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities'.
2. The IPCC has warned that 'regional changes in climate, particularly increases in temperature, have already affected a diverse set of physical and biological systems in many parts of the world'. In Australia, the CSIRO has warned that climate change has the potential to seriously disrupt and damage agricultural output, water flows and natural systems.
3. As economists we believe that global climate change carries with it serious environmental, economic and social risks and that preventive steps are justified.
4. Policy options are available that would slow climate change without harming employment or living standards in Australia, and these may in fact improve productivity in the long term.
5. Economic instruments – such as carbon taxes or emissions trading – will be an important part of a comprehensive climate change policy. Revenue raised from carbon taxes or the sale of permits can be used to reduce taxes elsewhere in the economy.
6. Since OECD countries are responsible for over 80% of increased greenhouse gases in the atmosphere, and are in a stronger economic position, they should take the lead in cutting emissions. It is fair that developing countries should begin reducing their emissions only when OECD countries have led the way.
7. No serious alternative to the Kyoto Protocol has been proposed. In particular, the Bush Administration's 'Climate Action Plan' amounts to 'business as usual'. Suggestions that Australia should co-operate with the US in the development of an alternative to the Kyoto Protocol lack credibility in the absence of any commitment by the US to reduce emissions.
8. It is in Australia's economic interests to join international efforts and we call on the Australian Government to ratify the Kyoto Protocol without delay.

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Signed by 271 academic economists